

# 2011-2012 PERFORMANCE PLAN – Chief Investment Officer (J. Dear)

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All of the terms and provisions of the "CalPERS Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, General Counsel and Investment Management Positions" are incorporated in this Performance Plan by this reference as if set forth in full.

## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
70%	Total Fund Performance	Excess return in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-13 basis points = 0 +13 basis points = 1.0 +27 basis points = 1.5
70%	Subtotal	Quantitative Measures	

## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
20%	Executive Leadership	<p><b><u>Leadership</u></b> - Acts in an ethical, honest and professional manner. Communicates a clear vision of CalPERS' mission and goals. Gains the confidence and commitment of others through enthusiastic expressions of support of the vision and values of the organization. Gains support for courses of action by sharing information, encouraging feedback, listening respectfully, and acknowledging individual concerns.</p> <ul style="list-style-type: none"> <li>By June 30, 2012, lead the Investment Office in the value creation, capacity building, and organization support for the Investment Office by: <ul style="list-style-type: none"> <li>Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity.</li> <li>Participating in training, communication, and recognition activities and events.</li> </ul> </li> </ul> <p><b><u>Teamwork</u></b> - Promotes teamwork and cross-functional collaboration and communication in support of CalPERS' strategic goals. Presents well-organized arguments that are issue-oriented, not personal. Resolves disagreements by first identifying common ground and then exploring differences. Shares credit for good ideas and acknowledges the contributions, creativity and abilities of others.</p> <ul style="list-style-type: none"> <li>By June 30, 2012, lead cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.</li> </ul>	From schedule

### Incentive Schedule

Total Fund: FY 2012-13: target 0/20/30

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
	Executive Leadership (cont.)	<p><b><u>Succession Planning</u></b> - Participates in an ongoing succession planning program to assess the workforce and create strategies to retain and develop the skills of employees. Identifies training, development and knowledge transfer strategies to meet future workforce needs. Contributes to the enhancement of organizational competencies and skills by providing opportunities for individual staff development and improvement.</p> <p><b><u>Diversity and Inclusion</u></b> - Demonstrates diversity and inclusion awareness and personally cultivates a positive work environment where the differences of all staff are recognized and valued. Leads strategies and approaches to increase the level of diversity within the CalPERS' workforce. Through personal example and leadership, fosters a climate where all are treated with dignity and respect.</p> <p><b><u>Executive/ Board Relations</u></b> - Effectively represents the enterprise at executive management meetings, stakeholder group meetings, and at CalPERS Board of Administration meetings. Prepares and/or directs the preparation of thorough and accurate Board agenda materials and provides sound technical consultation and appropriate recommendations. Makes clear and concise presentations to the Board of Administration and Board Committees on relevant issues.</p> <p><b><u>Business Planning and Fiscal Management</u></b> - Leads the business planning process by establishing clear, measurable operational objectives which align with CalPERS' strategic Goals. Identifies resource requirements to support organizational priorities. Ensures cost-effective use of resources (i.e., operational expenses, equipment and staff resources) and contributes to the overall prudent management of CalPERS trust funds.</p> <p><b><u>Management of Risk</u></b> - Ensures that policy and program decisions are made with consideration for potential financial, compliance, legal, security, operational, reputational, political, strategic, and other risks. Implements risk mitigation strategies. Gathers risk intelligence to support executive and Board decision-making.</p> <ul style="list-style-type: none"> <li>By June 30, 2012, present to the Board an enhanced risk aware framework to be used in future workshops on Asset/Liability management.</li> </ul>	
10%	Enterprise-wide Initiatives and Collaboration	<p><b><u>Enterprise-wide Leadership and Management</u></b> Achieve improvements in enterprise management during fiscal year 2011/2012 through fulfillment of the eight initiatives listed on Attachment 1.</p>	From schedule
30%	<b>Subtotal</b>	<b>Qualitative Measures</b>	
100%	<b>Total</b>	<b>Quantitative and Qualitative Measures</b>	

### Incentive Schedule

Total Fund: FY 2012-13: target 0/20/30

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Attachment 1

## Management Drivers for Board of Administration Direct Reports

Achieve improvements in enterprise management during fiscal year 2011/20112 through fulfillment of the following initiatives:

1. Maintain an average position vacancy rate of 5 percent or less.
2. Maintain a 90 percent completion rate for employee performance reviews (e.g., EPADs, probationary reports).
3. Ensure that all Form 700 Statements of Economic Interest are filed by scheduled employees in compliance with the legally mandated April 1, 2012 due date.
4. Ensure all scheduled employees complete the legally mandated AB 1234 ethics training course by June 30, 2012.
5. Ensure operational resources are managed within prescribed budget limits.
6. Resolve all outstanding audit findings within 12 months of receipt of audit report.
7. Lead the efforts to strengthen the organization's commitment to the principles of diversity and inclusion by conducting a minimum of two diversity and inclusion awareness sessions with direct reports and by completing the *Executive Diversity and Inclusion Journey* course.
8. Lead the efforts to reinforce the adoption of CalPERS' Core Values by conducting quarterly sessions with direct reports addressing the guiding behaviors emanating from the Core Values, and by spending a minimum of 2 hours per month on employee recognition.